

Public Policy Perspectives

2955 Sunset Drive, Bellingham, WA 98225 (360)733-1303

Date: 4/21/15

Memo: Re: City Council and Planning Commission "Key Issues for UGA Boundary Discussion"

Dear City Council and Planning Commission,

After reading the outline summary of key issues for UGA boundary discussion paper, I would like to provide the following information because I believe it gives you important contextual information missing from the document. Please read the bullet points first, and the more in-depth discussion below.

- **First and foremost, please remember we are here to *manage growth*.** People continue move here and we need to be ready for them. Pretending or wishing that a County as nice as we have to live in will not continue to attract people is not realistic - whether or not Bellingham captures the growth, people still move to Whatcom County - our job is to find ways to attract and accommodate those wanting to live in the city. This is something Bellingham did very well in the beginning but has failed to do in recent years. *In Bellingham, business as usual is not the answer, we must address these problems with a balanced approach.*
- **We are not planning for the "high" scenario in Whatcom County.** The multi-jurisdictional resolution population figure we are planning with is very close to OFM MOST LIKELY, or the "medium" scenario. Both the City Council and Planning Commission have voted to accommodate a larger proportion in order to reduce the amount of people allocated to the other UGAs and rural/agricultural lands. If Bellingham does not plan for those people, they will have to be sent to either another UGA, or to our rural and resource lands to live.
- **Whatcom County has always grown faster than the most likely or "medium" projection** (please see County chart below). At the same time this County has grown faster than OFM most likely or "medium", Whatcom County has projected for lower than mostly likely/medium and has always planned for less people than our actual growth. Further, none of the Berk scenarios, nor the Draft EIS even address our historical average annual growth rate over the last 10 years, or 20 years (DEIS, p.4-149, "All alternatives also assume average annual growth rates (AAGR) lower than historical averages.", and under the high scenario, "Alternative 4 similarly has an AAGR that is lower (1.5%) than that experienced in the last 10 years or last 20 years."). In fact, the "Berk High Scenario" is not very high and the OFM high is literally off the chart on County illustrations of alternative scenarios (please see attached). This should be cause for concern.

State Data Shows Whatcom County Has Always Outpaced The OFM Most Likely "Middle" Projection

As you can see in the chart below, population growth in Whatcom County, as compared to the actual 2010 Census population has outpaced the OFM most likely or "medium" projection every time. In fact, Whatcom County grew very close to the 2010 OFM "high" projection from 1995 and we grew more than the 2010 OFM most likely by about the population of the City of Blaine compared to the two more recent OFM projections. When discussing the

Public Policy Analysis For Application In Real World Situations
Jack Petree, Clayton Petree

Bellingham UGA, please remember that Bellingham plays an incredibly important part in managing growth in Whatcom County. Any growth Bellingham does not entice into the city will (and has) simply occurred elsewhere in the County. Please note the chart below that shows Whatcom County grew by 8,634 more people compared to the 1995 OFM "medium", by 5,636 compared to the 2002, and 5,507 compared to the 2007 projection for 2010. Chart and data provided by Whatcom County staff.

OFM Projections for Whatcom County					
				2010	Difference
				Projection	from
					Actual
OFM Projections made in '95 for 2010 (Low)				182,308	-18,832
OFM Projections made in '95 for 2010 (Medium)				192,506	-8,634
OFM Projections made in '95 for 2010 (High)				203,948	2,808
OFM Projections made in '02 for 2010 (Low)				181,330	-19,810
OFM Projections made in '02 for 2010 (Medium)				195,504	-5,636
OFM Projections made in '02 for 2010 (High)				217,009	15,869
OFM Projections made in '07 for 2010 (Low)				181,450	-19,690
OFM Projections made in '07 for 2010 (Medium)				195,633	-5,507
OFM Projections made in '07 for 2010 (High)				217,152	16,012
2010 CENSUS				201,140	
NOTE: OFM Projections made in '95 are from the "Review Materials" (i.e. the OFM Draft)					
Updated 10/24/2011					

The State of Washington Office of Financial Management (and Population Forecasting) Has Identified A Population Growth Rebound

In both 2013 and a recent 2014 OFM press release (attached), you can see that the State of Washington Office of Financial Management (and Population Forecasting) has recognized the growing rebound in population growth. This is typical after a period of recession - as happened after the dot.com recession and 9/11 attacks. Both housing and migration have increased "markedly" as the press release (below) states. Also of note is that while Bellingham (12th largest city in WA) is missing from the top 25 cities by population change, Unincorporated Whatcom County is the 9th fastest growing in the State. That should be cause for concern for the stated goals and values of the City of Bellingham - Bellingham isn't performing as other cities in Washington are, but unincorporated parts of the County are growing rapidly.

The Biggest Consumer of Housing is Gen Y, or Millennials and 80% - 85% prefer single-family housing

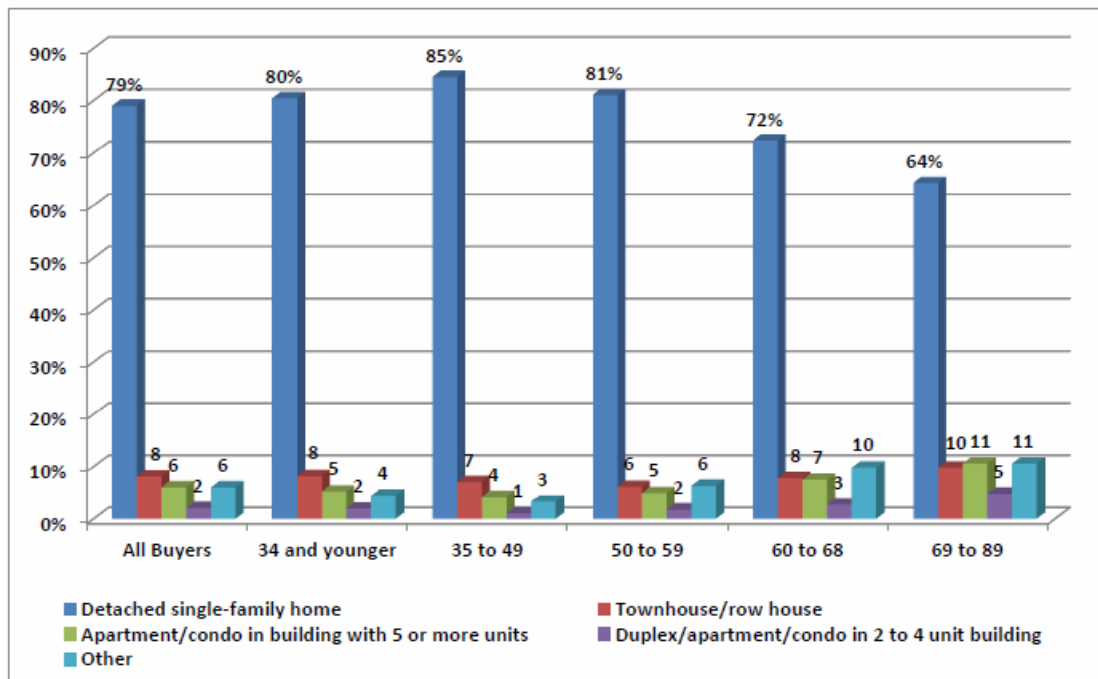
Your staff memo, on page 3, mentions Millennial housing locational preference but neglects to give you housing TYPE preference, "Per a number of surveys, they prefer in-city living with transportation options". This is true, and as you can see in the chart below from a 2015 Report, Millennials prefer single-family homes at an 80% to 85% rate. According to the presentation given the Planning Commission, the Bellingham land supply only contains enough land for a 12% rate of single-family homes, *severely restricting the supply for an incredibly high demand housing type.*

The land supply would become even more unbalanced and mismatched to demand were Bellingham to do nothing, or to add additional multifamily zoning without a *very significant amount of single family lands*. It is hardly surprising under this situation, then, that single family homes are built on multi-family zoned land and that Bellingham has such a destructive affordable housing problem that the City, under a special state law, declared an official "Affordable Housing Emergency". This issue cannot be ignored without continued housing problems.

2015 National Association of Realtors® Home Buyer and Seller Generational Trends

CHARACTERISTICS OF HOMES PURCHASED

Exhibit 2-3
TYPE OF HOME PURCHASED
(Percentage Distribution)



Key Issue: Over A Seven Year Period, The Bellingham UGA Captured 62.4% Of All County Growth

The currently adopted "high" growth scenario is significantly lower than the levels Bellingham achieved over a 7 year period during the growth management era.

The percent of County growth you are discussing at the meeting Thursday is only 48%, quite a bit lower than the 62.4% achieved over 7 years 1995 to 2002, as shown in the current Bellingham Comprehensive Plan, in the County Staff Report, and EcoNW report. Bellingham, once a population management champion, has faltered greatly. It is our job to discover what happened and address this problem. We must work to find a solution. Business as usual, doing more of what is not working, is not a solution.

Table 4A

Estimated Population Growth by City (Incorporated areas only)	City of Bellingham	City of Blaine	City of Everson	City of Ferndale	City of Lynden	City of Nooksack	City of Sumas	All Incorp. Areas	All Unincorp. Areas	Whatcom County
1995 OFM Estimate	59,544	3,211	1,897	7,156	7,154	821	940	80,723	69,219	149,942
2007 OFM Estimate	75,220	4,850	2,185	10,540	11,150	1,075	1,191	105,991	82,309	188,300

Planning/Comp Plan Amendments/Comp Plan 2007/CMP2007 UGA Review General

12-Year Growth	15,676	1,439	288	3,384	3,996	254	251	25,268	13,090	38,358
12-Year Growth Rate	26.3%	44.8%	14.1%	47.3%	55.9%	30.9%	26.7%	31.3%	18.9%	25.6%
Growth Share	40.9%	3.8%	0.7%	8.8%	10.4%	0.7%	0.7%	65.9%	34.1%	100.0%

Table 4B

Estimated City UGA Growth Share 1995-2002	Bellingham UGA	Blaine UGA	Everson UGA	Ferndale UGA	Lynden UGA	Nooksack UGA	Sumas UGA	All City UGAs	All Other Areas*	Whatcom County
1995 (1997 WCCP Estimate)	68,543	4,267	2,035	7,745	7,990	854	966	90,400	57,900	148,300
2002 (EconW Estimate)	81,454	5,011	2,330	10,451	10,217	997	1,038	111,496	60,704	172,200
7-Year Growth	14,911	744	295	2,706	2,227	143	70	21,066	2,804	23,900
Growth Share	62.4%	3.1%	1.2%	11.3%	9.3%	0.6%	0.3%	88.3%	11.7%	100.0%

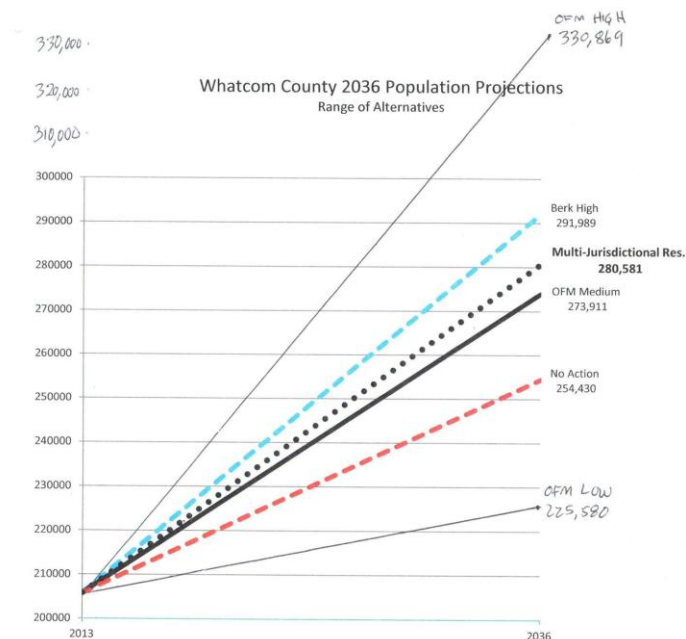
*All Other Areas includes Birch Bay and Columbia Valley UGAs, for which there is no 1995 population data

To summarize, Bellingham has a growth management challenge before it. Growth in Whatcom County will continue to occur, likely a "marked" increase while Washington State experiences the OFM described rebound. Bellingham has shown that it is capable of capturing tremendous portions of County growth over long periods of time, but has, in more recent times, failed to do so. I urge Bellingham to do the right thing - to work long and hard on solutions to its growth problems by addressing both known issues and issues yet to be discovered. Some of the well known issues are an unbalanced land supply extremely short in high demand single-family zoned land, an unavailable land supply in the form of yet to be annexed UGA lands, a difficult and slow permitting or "permission to build" process, and other issues that will surely be discovered while we work on this process through summer of 2016.

Regards,

Clayton Petree

Whatcom County Chart Showing Berk "Scenarios", with OFM High and Low added.





STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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FOR IMMEDIATE RELEASE: June 30, 2014

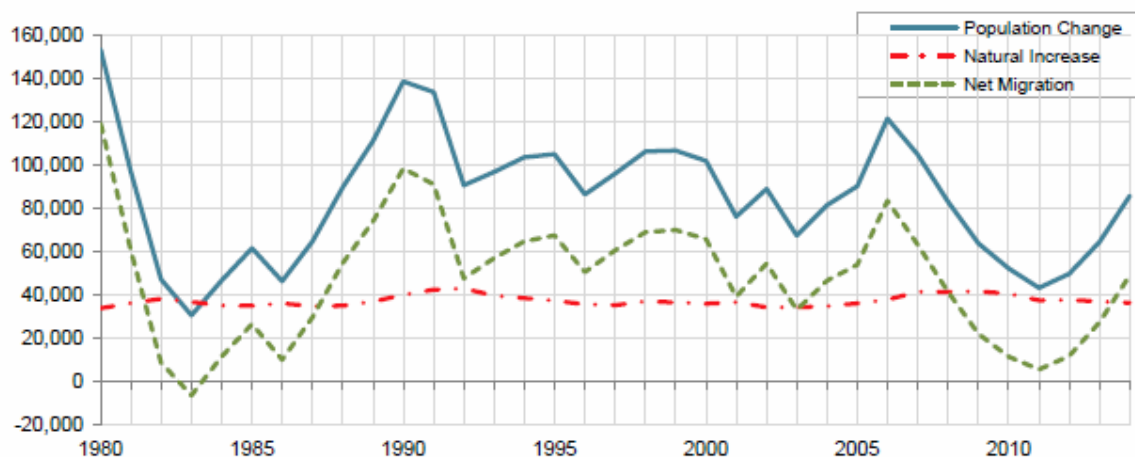
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Washington's population increases markedly

OLYMPIA, Wash. – Washington's population increased considerably in the past year. Annual estimates prepared by the Office of Financial Management show the state's population increased by 85,800 to 6,968,200 between 2013 and 2014. This 1.25 percent gain — up from 0.95 percent in 2013 — marks the largest one-year increase since 2008.

Washington's population has been growing at an increasing rate, driven largely by migration. This year there was a net gain of 49,200 people moving into the state, compared to a net gain of 21,600 the previous year. Net migration accounts for 57 percent of the state's population growth this year, with natural increase (births minus deaths) responsible for the other 43 percent. For the first time since the economic downturn, net migration exceeds the three-decade historical average of 48,800 migrants per year.

Components of State Population Change



Seventy-five percent of the state's total population increase occurred in the five largest metropolitan counties: Clark, King, Pierce, Snohomish and Spokane, whose economic activity continues to attract migrants.

At the same time, several other counties showed signs of increased growth. In 2014, 12 counties experienced growth exceeding 1 percent, twice as many as last year. Four of the 12 counties are classified as nonmetropolitan counties. Although many nonmetropolitan counties have shown little or no growth in recent years, this year they experienced an increase in net migration from 1,400 persons in 2013 to 2,600 persons.

The April 1, 2014, population estimate for Washington's incorporated cities and towns is 4,497,400, an increase of 64,700 people over the previous year. Growth in incorporated areas is mainly associated with natural increase and net migration instead of annexation. The top 10 cities for population growth in descending order are Seattle, Bothell, Vancouver, Bellevue, Pasco, Redmond, Renton, Auburn, Kennewick and Sammamish.

The state's unincorporated area population increased by 21,100 persons over the previous year. This number would have been 29,200 persons if not for annexation. Excluding annexation, the top 10 unincorporated areas for population growth in descending order are Snohomish, King, Pierce, Clark, Spokane, Kitsap, Thurston, Grant, Whatcom and Yakima.

Housing growth in 2014 increased by 32 percent over the previous year. The state added 31,000 housing units, compared to a 23,500-unit increase in 2013. More than 70 percent of all new housing is located in the five largest metropolitan counties. King County leads all counties with almost 10,200 new units, or approximately 33 percent of the state's total housing increase.

Information on the latest population estimates for the state, counties, cities and towns can be accessed at <http://www.ofm.wa.gov/pop/april1/>.

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Table 3. Top 25 Cities by Population Change

Municipality	Numeric Change		Change Due to Annexation	Municipality	Percent Change	
	2013-14	Rank	2013-14		2013-14	Rank
Seattle	13,900	1	0	Bothell	20.81	1
Bothell	7,170	2	6,789	Ridgefield	8.84	2
Vancouver	2,900	3	584	Tonasket	8.82	3
Bellevue	2,300	4	0	Winthrop	7.41	4
Pasco	2,170	5	0	Yelm	5.96	5
Redmond	1,860	6	2	Liberty Lake	5.92	6
Renton	1,590	7	0	Metaline	5.71	7
Auburn	1,395	8	0	Granger	5.43	8
Kennewick	1,290	9	0	Uniontown	4.69	9
Sammamish	1,200	10	0	Conconully	4.55	10
Olympia	1,190	11	10	Ruston	4.40	11
Spokane	1,000	12	0	North Bend	4.32	12
Lacey	970	13	0	West Richland	4.13	13
Richland	940	14	0	Gig Harbor	4.11	14
Kent	900	15	0	Waverly	3.74	15
Kirkland	860	16	0	Snoqualmie	3.68	16
Issaquah	750	17	0	DuPont	3.61	17
Everett	700	18	0	Riverside	3.57	18
Puyallup	690	19	173	Farmington	3.45	19
Mercer Island	590	20	0	Ferndale	3.42	20
Camas	560	21	0	Quincy	3.36	21
Spokane Valley	560	21	0	Redmond	3.33	22
Battle Ground	550	23	107	Pasco	3.31	23
Wenatchee	550	23	19	Battle Ground	3.03	24
West Richland	540	25	0	Stanwood	3.00	25

Table 4. Top 10 Unincorporated Areas by Population Change

Area	Numeric Change Including Annexation	Change Due to Annexation	Numeric Change Excluding Annexation	Rank Excluding Annexation
	2013-14	2013-14	2013-14	2014
Unincorporated Snohomish	7,835	-6	7,841	1
Unincorporated King	-1,050	-6,791	5,741	2
Unincorporated Pierce	3,475	-173	3,648	3
Unincorporated Clark	2,430	-691	3,121	4
Unincorporated Spokane	2,091	0	2,091	5
Unincorporated Kitsap	930	0	930	6
Unincorporated Thurston	765	-10	775	7
Unincorporated Grant	514	-190	704	8
Unincorporated Whatcom	546	-86	632	9
Unincorporated Yakima	500	-4	504	10